1990 Annual Report

Yukon Workers' Compensation Board

92-03148/

YUKON WORKERS' COMPENSATION BOARD

1990 ANNUAL REPORT

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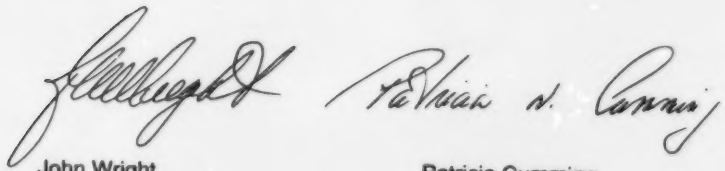
LETTER OF TRANSMITTAL

The Honourable Piers McDonald
Minister Responsible for Workers'
Compensation Board
Government of the Yukon

In accordance with Section 9 (9) of the Workers' Compensation Act, the Workers' Compensation Board is pleased to present its Annual Report for the year ended December 31, 1990.

The Board would like to thank the workers, employers, the medical profession, and trade unions for their cooperation during the year.

The Board wishes to acknowledge the efficient manner in which staff handled the organization's functions and assisted the Board in carrying out its mandate.



John Wright
Chairperson of the Board

Patricia Cumming
President

Statement of Purpose

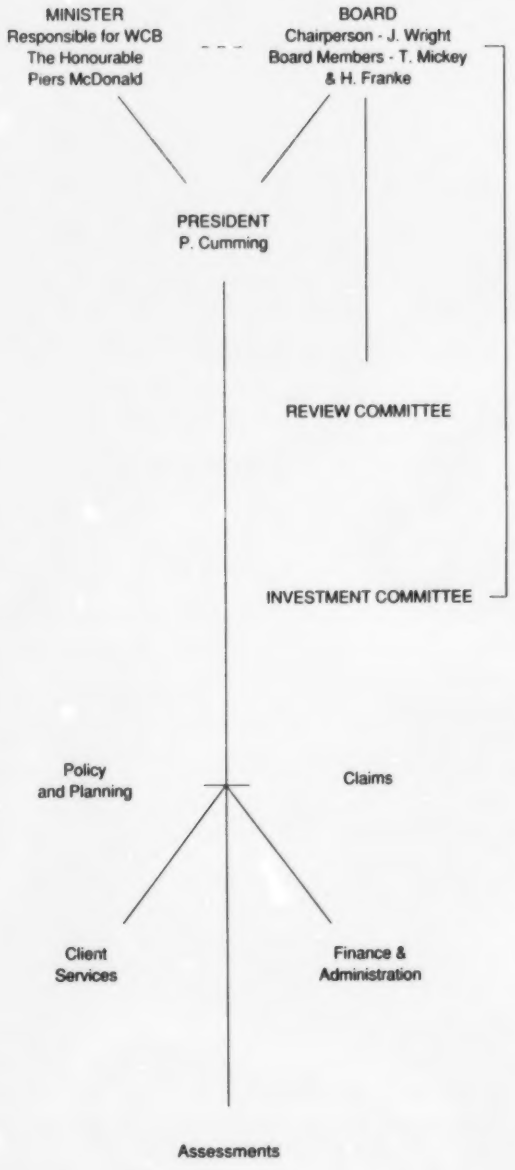
The purpose of the Yukon Workers' Compensation system is to assist in the full and accelerated recovery of the workers injured by accident or occupational disease arising out of the course of employment. This is accomplished through:

The establishment and responsible maintenance of an Accident Fund which fully covers the cost experience of workplace accidents;

The adjudication and provision of financial support to workers and/or their dependents to compensate for lost wages, to provide physical impairment awards and to establish pensions for surviving dependents;

The provision of medical, social and vocational rehabilitation services designed to restore or improve impaired function, to prevent dysfunction, and to assist in the placement of recovering workers including the upgrading of their skills.

Organization Chart



Board Members

Thomas Mickey *Member*
Thomas Mickey, who represents industry on the Board, was in the trucking industry and has been a Director of the Yukon Transportation Association. He was first appointed to the Board on September 1, 1984 and has served two terms. He was re-appointed April 1, 1990 for a one year term.

Heiko Franke *Member*
Heiko Franke represents labour on the Board. He is a member of the Health & Safety Committee of Local 924, United Steel Workers of America. He was first appointed to the Board on October 2, 1987 and was re-appointed April 1, 1990 for a three year term.

John Wright *Chairperson*
John Wright was appointed as Chairperson of the Board on June 29, 1987. He is a former Justice of the Peace and was a member of the Justice Review Panel. He was re-appointed April 1, 1990 for a two year term.

Chairperson's Message

Patricia Cumming was appointed President of the Workers' Compensation Board on September 4, 1990. Pat was born in the Yukon and has lived and worked here all her life. She also brings 18 years of government work experience to the Board. Her last appointment was with the Public Service Commission as the Director of Labour Relations.

The Board members are pleased she has chosen to take on the task of President and are confident she will provide the leadership and management the Board needs. Business, labour and the public in general, will appreciate that someone with her integrity, openness, knowledge of the Yukon and senior management skills is in the President's chair to meet the chailenges that face us now and in the future.

J.L. Wright
Chairperson

A Message From The President

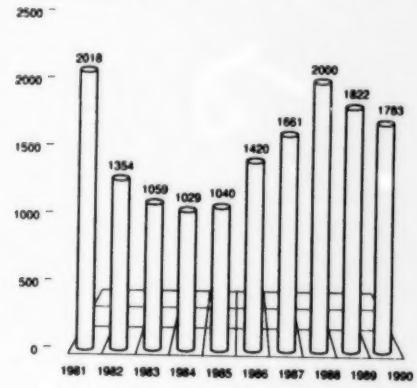
In 1990 the Workers' Compensation Board of the Yukon undertook philosophical and practical changes that will reap benefits for Yukon workers and employers for many years to come.

Early in the year Board Directors reviewed the Workers' Compensation Board mandate. In the past the Board's work focussed on assessing the needs of injured workers and processing compensation claims. This year the Board called for a more active approach to preventing worker injuries and earlier intervention when injuries occur. The Board recommended that prompt attention be given to medical, vocational and social rehabilitation in order to return Yukon workers to their jobs sooner and reduce the financial and social cost of worker injuries.

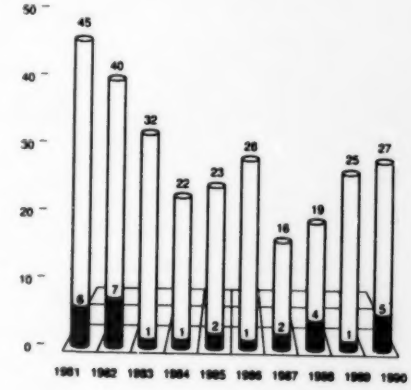
To achieve its goals, the Workers' Compensation Board planned or started several new programs in 1990. Negotiations with the Department of Health and Social Services regarding a Rehabilitation Program took place during the year. The program will treat injured workers to help prevent re-injury when they return to the workplace.

With the new program in place, more Yukon workers will receive specialized treatment for their injuries without having to travel outside the Yukon. The Rehabilitation Program will use the new Health and Social Services extended care facility. The Yukon Housing Corporation are project managers for the new building, which opens in the Fall of 1992.

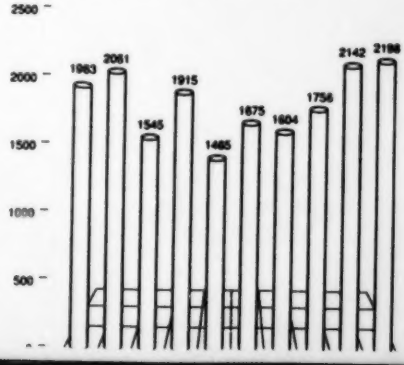
Reported Accidents



Fatal Accidents
Permanent Awards



Employers Registered



A Message From The President

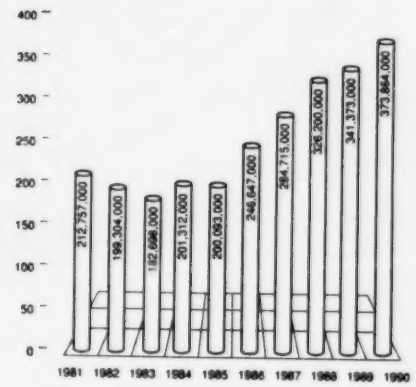
Continued

During 1990, the Board also set in motion two more programs aimed at reducing work-related injuries. The Backs at Work Program is targeted at two groups; workers who risk incurring back injuries because of their work, and those who have existing back injuries. The Board has conducted back clinics in the past and now is committed to delivering the Backs at Work Program on an ongoing basis. Program activities this year included developing educational materials and seminars. Our staff also trained Occupational Health and Safety officers, employed by the Department of Justice, in preparation for seminars that will take place in 1991.

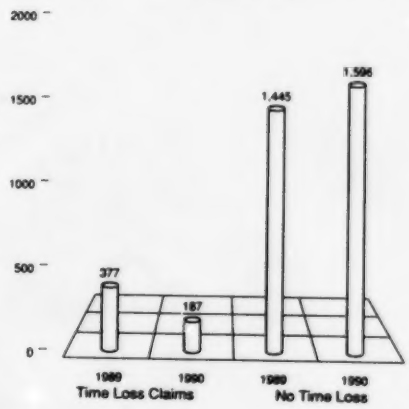
Another program, the Industrial Audiometric Screening Program, tests workers for hearing loss related to the workplace. Recruiting for a full-time audiometric technician took place during the year. Also, the Board purchased three sound-proof testing booths and set them up in Watson Lake, Dawson and Mayo. In October and November, a Workers' Compensation Board staff member conducted testing clinics at these three locations and in Whitehorse. Beginning in 1991 our full-time technician will hold the clinics at the four testing centres on a regular, rotating basis.

Also this year, the Workers' Compensation Board approved funding for Risk Reduction programs carried out by the Occupational Health and Safety Branch of the Department of Justice. The Board will pay 100 percent of the cost of this program.

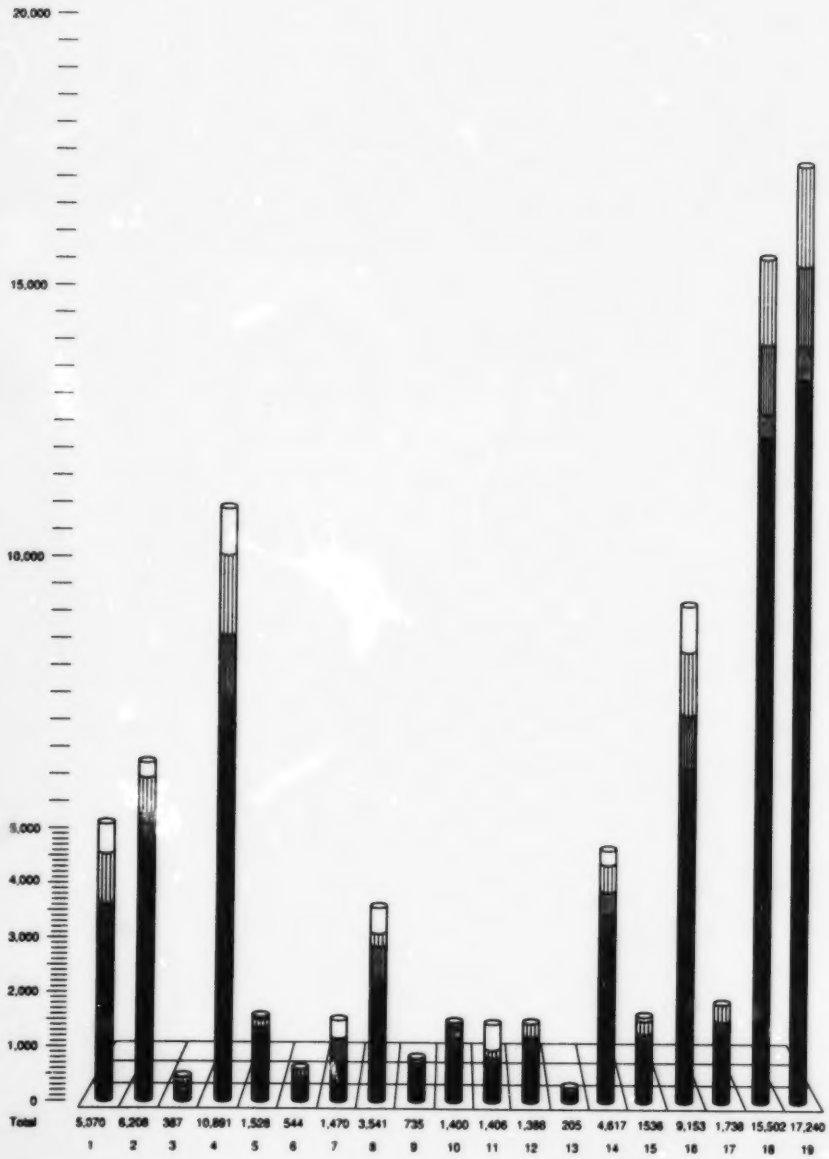
Payrolls Reported



Comparison of Time Loss Claims & No Time Loss Claims



Statement of Transactions by Class & Operating Reserve



Columns

1 Assessment revenue
2 Interest
3 Deduct merit rebates
4 Net Revenue
5 Claims cost (compensation)
6 Claims cost (medical aid)
7 Claims cost (pension awards)
8 Total claim costs
9 Deduct charges to FCC
10 Deduct charges to reserves
11 1990 claim costs settled
12 Prov. for future CLM costs
13 Provision for reserves
14 Interest trsf. to reserves
15 Administration expenses
16 Net expenses
17 1990 surplus
18 Operating reserve Jan 1 '90
19 Operating reserve Dec 31 '90

Class

Mining (class 11)
Construct (class 12)
Prof / Bus (class 13)
Spec Trade (class 14)
Service (class 16)
Government

1990 Accidents Reported by Geographical Region

1989	1990	Region
11	12	Carcross
153	96	Dawson City
520	407	Faro
41	36	Haines Junction
32	34	Mayo
56	61	Outside Yukon
101	96	Watson Lake
898	968	Whitehorse
10	73	Unclassified
1,822	1,783	Total

These new programs flow from the Board's new, forward-looking approach to reducing worker injuries. To ensure delivery of the programs, the Board called for a change in the Workers' Compensation Board organization.

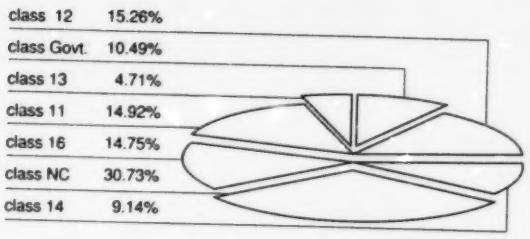
Acting on advice from a Whitehorse consulting firm, the Board recommended creating two new branches (for a total of five branches) and identified nine new staff positions.

The Policy and Planning Branch will develop policy and programs to address the future needs of the compensation system in the Yukon. This new branch will identify future issues and, in 1991, will conduct a review of the Workers' Compensation Act. Plans were made to staff the branch early next year. Two new positions were created: policy and planning coordinator and research analyst.

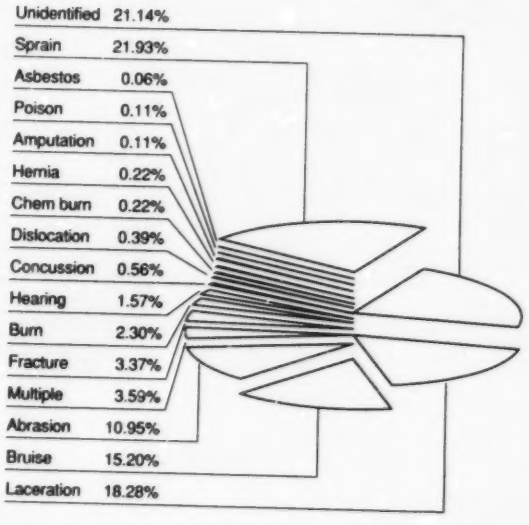
The Client Services Branch will provide coordinated medical, vocational and social rehabilitation services to injured workers. Branch staff will include a director, a vocational rehabilitation officer, a medical programs officer, and an audiometric technician. This new branch will enable the Board to increase its commitment to client rehabilitation. Previously the Board provided rehabilitation services to clients as needed.

The Client Services Branch also will work on developing policies and guidelines for occupational disease claims.

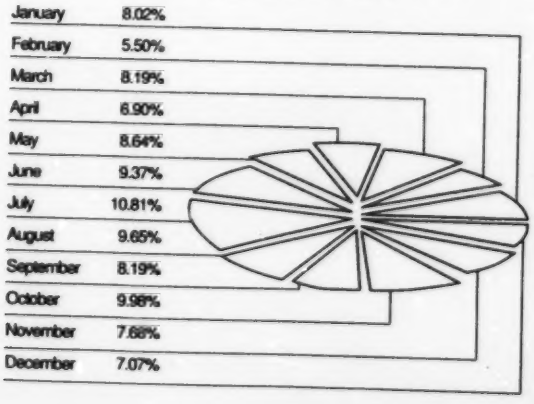
Percentage Of Accidents Reported By Class

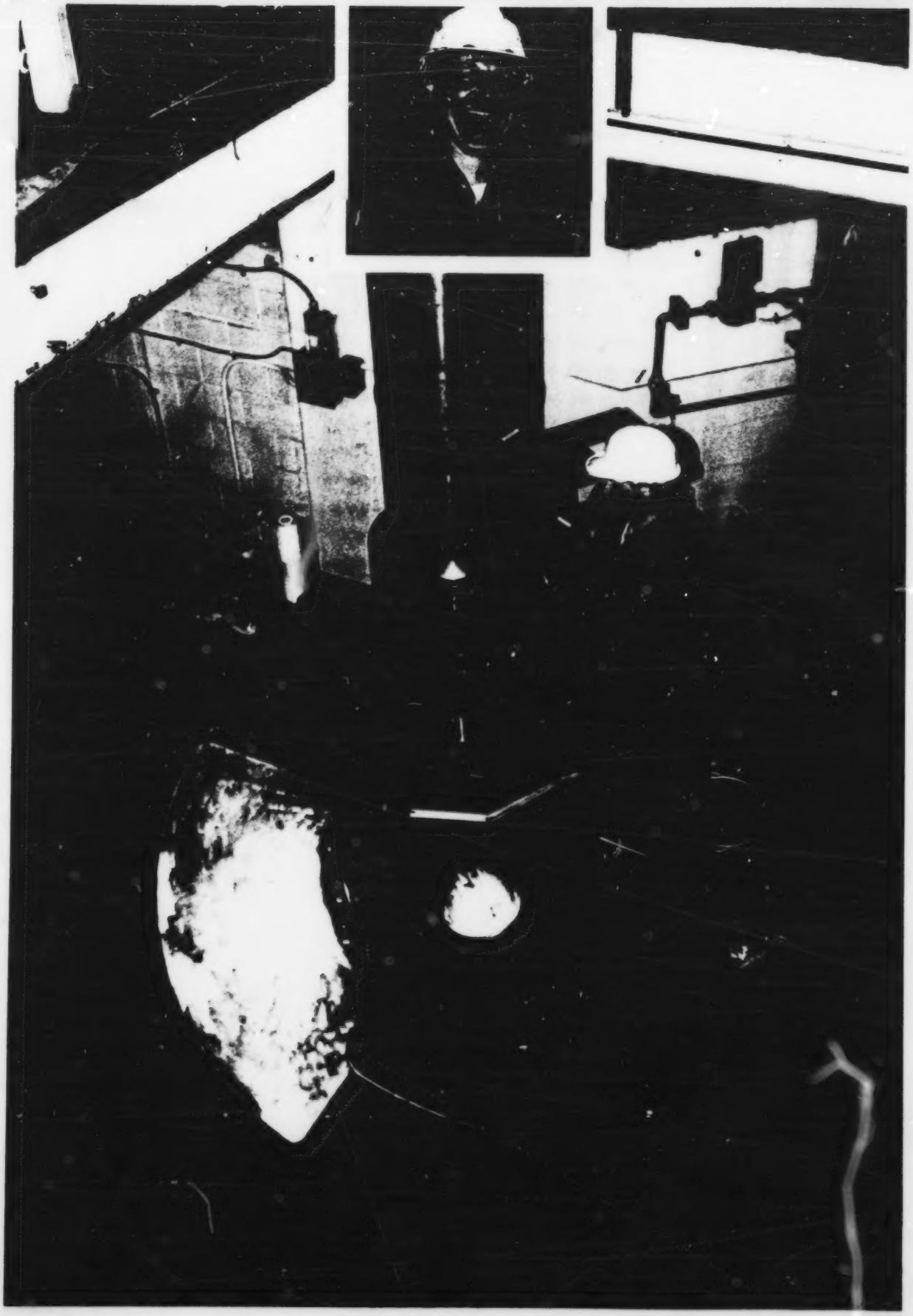


Nature Of Injury In Accidents Reported



Month Of Occurrence Of Accidents Reported





A Message From The President

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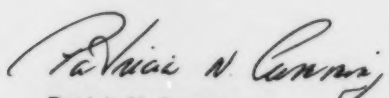
Changes in the Workers' Compensation Board strategy have created a need for more information and different types of information. These needs will be met by our existing computer system, although some modifications are being planned to accommodate our new Risk Reduction programs. The computer system replaces old manual systems and is being installed in five phases. Phases three and four were completed this year and phase five will be ready in 1991.

The Yukon Workers' Compensation Board renewed the appointments of its three Board Directors on April 1, 1990. These recent appointments are for terms of one, two, and three years. The termination dates are staggered to ensure that experienced Directors are on the Board at all times. In future, Directors will serve a three-year term. Two of the Directors represent industry and labour and a third Director is an independent chair.

A new Workers' Compensation Board building will give our clients easy access to services, beginning next year. Plans for the two-storey, 18,000-square-foot office building were drawn up this year. Target completion date is November 1991.

In conclusion I'd like to extend my personal thanks to Linda Engels who served as acting President until I assumed my responsibilities. Linda served the Board for seven months, following the death of Brian Booth. Her work will continue to have a positive influence on Board activities, and on Yukon employers and employees.



Patricia N. Cumming
President

Accidents Reported And Permanent Disability Awards

	Percent of Claims	Number of Claims	Number of Permanent Disability Awards	Percent of Permanent Disability Awards
Scalp	2.97	8		
Eyes	11.3	202		
Ears	2.64	47	11	40.7
Face/Head	4.04	72	1	3.7
Neck	1.18	21	1	3.7
Shoulder	3.76	67		
Arm	3.37	60	1	3.7
Chest	2.92	52		
Lung	.45	8		
Back	15.31	273	1	3.7
Abdomen	.84	15		
Hip	1.01	18		
Wrist	2.24	40	1	3.7
Hand	7.35	131		
Fingers	15.82	282	7	25.9
Leg	2.52	45		3.7
Knee	5.83	104	1	11.1
Foot	8.75	156	3	
Multiple	10.21	182		

AUDITOR'S REPORT

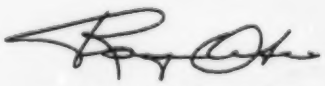
To the Executive Council Member responsible for the Compensation Fund (Yukon)

I have audited the balance sheet of the Compensation Fund (Yukon) as at December 31, 1990 and the statements of income, expense and operating reserve and changes in financial position for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 of the financial statements. As required by the Yukon Workers' Compensation Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept, the financial statements are in agreement therewith and the transactions of the Fund that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with the Yukon Workers' Compensation Act and regulations, and the Yukon Financial Administration Act and regulations.



Raymond Dubois, FCA

Deputy Auditor General

for the Auditor General of Canada

Ottawa, Canada

March 28, 1991

COMPENSATION FUND (YUKON)

Balance Sheet
as at December 31, 1990

	1990	1989
	(thousands of dollars)	
Assets		
Cash and short-term investments	$ 4,931	$ 4,580
Accounts receivable (Note 4)	1,615	1,989
Investments (Note 5)	69,904	64,052
Capital assets (Note 6)	530	537
	$ 76,980	$ 71,158
Liabilities		
Accounts payable	$ 649	$ 704
Assessments refundable	73	188
Merit rebates payable	448	459
Future claim costs (Note 7)	13,595	12,106
Pension liability (Note 8)	21,529	18,993
Annuity liability (Note 9)	160	109
	36,454	32,559
Reserves		
Contingency (Note 10)	23,286	23,097
Operating	17,240	15,502
	40,526	38,599
	$ 76,980	$ 71,158

Commitments (Note 12)

Approved by the
Workers' Compensation Board

Chairperson

Member

Member

COMPENSATION FUND (YUKON)

Statement of Income, Expense and
Operating Reserve for the year
ended December 31, 1990

	1990	1989
	(thousands of dollars)	
Income		
Assessments	$ 5,070	$ 4,214
Less: Merit rebates	(387)	(440)
	4,683	3,774
Interest	6,208	7,270
Supplementary compensation benefits recovered	362	360
	11,253	11,404
Expense		
Claim costs		
Compensation	686	657
Pension awards	415	113
Medical aid and travel	295	391
	1,396	1,161
Transfers to		
Future claim costs	1,388	1,497
Contingency reserve	205	171
Annuity provisions	13	-
	3,002	2,829
Allocation of interest	4,614	5,268
Administrative (Note 11)	1,537	1,332
Supplementary compensation benefits	362	360
	9,515	9,789
Net income for the year	1,738	1,615
Operating reserve at beginning of the year	15,502	13,887
at end of the year	$ 17,240	$ 15,502

COMPENSATION FUND (YUKON)

Statement of Changes in Financial
Position for the year ended
December 31, 1990

	1990	1989
	(thousands of dollars)	
Operating activities		
Net income for the year	$ 1,738	$ 1,615
Items not involving cash		
Allocation of interest	4,614	5,268
Transfers to		
Future claim costs	1,388	1,497
Pension liability	410	94
Contingency reserve	205	171
Annuity liability	13	-
Amortization of bond premiums and discounts	(1,365)	(960)
Loss (gain) on disposal of bonds	1,658	(268)
Charges to contingency reserve	(210)	(158)
Increase (decrease) in accounts payable, assessments refundable and merit rebates payable	(181)	2
Decrease (increase) in receivables	374	(202)
	8,644	7,059
Pension and claims paid from:		
Pension liability	928	799
Future claim costs	725	716
Contingency reserve	502	415
	2,155	1,930
Cash provided from operating activities	6,489	5,129
Investing activities		
Increase in investments	6,145	5,081
(Sale) purchase of land	(138)	82
Architectural design of building	131	8
	6,138	5,171
Increase (decrease) in cash and short-term investments	351	(42)
Cash and short-term investments at beginning of the year	4,580	4,622
at end of the year	$ 4,931	$ 4,580

1. Authority and operations

The Compensation Fund was established in 1973 by the Workers' Compensation Act and is administered by the Workers' Compensation Board pursuant to the Act.

The Fund provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers, usually on the basis of their assessable payrolls reported, to meet all claim costs, administrative expenses and transfers to reserves.

2. Accounting policies

These financial statements have been prepared by management in accordance with accounting principles considered appropriate in the circumstances. The more significant accounting policies of the Fund are as follows:

(a) Allowance for doubtful accounts

An allowance for doubtful assessments receivable is provided for by charges against assessment income. Doubtful accounts are written off if deemed uncollectible.

(b) Investments

Investments are recorded at cost at the time of acquisition. Discounts or premiums are amortized over the term of the investment. Part of the investment portfolio has been designated to match the expected future payments of pensions.

(c) Future claim costs

In accordance with Section 68 of the Act, the estimated liability for future claim costs is based on the present value of expected future costs of claims in process, additional costs arising in future years in respect of awards already made, and accidents which have occurred but which have not been reported.

(d) Pension liability

The pension liability represents the capitalized value of future payments of pension awards. Except for pension awards provided from the contingency reserve when applicable, all pensions awarded for the current year's claims are provided for annually from operations and those awarded for prior years' claims are provided from the liability for future claim costs.

(e) Annuity liability

Amounts are set aside equal to ten percent of compensation paid to workers disabled after December 31, 1982 who have been on compensation for 24 consecutive months. These amounts will provide annuities for these workers at age 65 in accordance with Section 48 of the Act.

(f) Contingency reserve

Pursuant to Section 68 of the Act, a contingency reserve is established for the following purposes:

- to meet losses arising or likely to arise from disasters, or other fluctuations in costs, which would unduly burden the employers in any class;
- to provide facilities, and to meet the expenses incurred, for the rehabilitation and retraining of injured workers;
- to meet that part of the costs of claims which have been enhanced because the worker previously suffered from a similar or other disability;
- to meet the cost of claims arising from industrial diseases.

Periodic transfers to the reserve may be made by an annual appropriation from net assessment income of each industrial classification, based on claims experience.

(g) Operating reserve

In accordance with Section 68(d) of the Act, this reserve is maintained to provide stability in the assessment rates for each class from year to year and represents the net credit balance of the industrial classes.

(h) Assessments and merit rebates

Assessment income is calculated on actual payroll costs as reported. Separate rates of assessment are established for each industrial classification sufficient to provide funds to meet all claim costs, administrative expenses and transfers to reserves.

Merit rebates are allowed to employers with favourable claims experience in the immediately preceding three calendar years. Merit rebates provided for at the year-end represent the estimated rebates to be allowed on claims experience for the three prior years.

(i) Claim costs

Claim costs are provided for in the year in which the accident occurs and comprise compensation, pension awards, medical aid and travel and transfers to future claim costs and contingency reserve. Pension awards are capitalized at an interest rate equal to the difference between the estimated annual rate of future interest earnings and the estimated annual rate of statutory cost of living increases.

(j) Allocation of interest income and administrative expense

Interest income, net of an imputed administration expense allocation, and excluding interest from the designated investment portfolio for pensions which is allocated to the pension liability, is allocated to the other liabilities and reserves according to the mean balances for the year.

Administrative expense, net of income from penalties, is allocated proportionately on assessment and investment revenues to each industrial classification within the operating reserve. Commencing in 1989 an allocation of the occupational, health and safety cost component of administration expense has also been made to the contingency reserve for rehabilitation, enhanced disability and industrial diseases.

(k) Supplementary compensation benefits

Supplementary compensation benefits are granted, pursuant to the Workers' Compensation Supplementary Benefits Act, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occured after the coming into force of the Act. These benefits and the related recoveries from the Yukon Consolidated Revenue Fund in accordance with the Act are reflected in the statement of income, expense and operating reserve.

(l) Capital expenditure

Expenditures for real property are recorded as capital assets, at cost. Acquisitions of office furniture and equipment are expensed when incurred.

3. Actuarial valuation

An actuarial valuation of the Compensation Fund is required to be carried out at least triennially in accordance with the Workers' Compensation Act and the latest valuation was performed as at December 31, 1989.

In the 1989 valuation report, the actuary expressed the opinion that the balances in the Special Reserves (Note 10), the Operating Reserve and the Future Claims Liability were adequate to meet the future commitments in respect of claims up to December 31, 1989. The actuary also reported that the valuation of the Pension Liability as at December 31, 1989 using an interest rate of two percent, disclosed a surplus of $2,613,000 after providing for the capitalized value of the cost of living adjustments which became effective January 1, 1990.

During 1990, there were two amendments to the Workers' Compensation Act – Bills 87 and 102. These amendments provided for improved benefits to claimants and accordingly imposed additional liabilities on the Compensation Fund. When these amendments were being considered, the actuary estimated that the additional liabilities as at December 31, 1989 would have been $2.8 million and that the surpluses in the Future Claims Liability and in the Special Reserves (Note 10) were adequate to meet these additional liabilities in respect of claims already incurred up to that date.

4. Accounts receivable

	1990	1989
	(thousands of dollars)	
Accrued interest receivable	$ 1,143	$ 1,461
Assessments receivable	310	425
Accounts receivable	162	103
	$ 1,615	$ 1,989

Assessments receivable are recorded net of an allowance for doubtful accounts of $19,200 (1989 – $12,500).

5. Investments

	1990		1989
	Par Value	Amortized Cost	Amortized Cost
	(thousands of dollars)		
Government of Canada			
Interest bearing bonds	$ 30,508	$ 29,759	$ 31,269
Coupons	28,735	6,807	6,045
Non-interest bearing bonds	18,200	2,884	2,578
Mortgage backed securities	6,265	5,950	4,934
Treasury bills	3,515	3,369	1,799
Provincial and provincial guaranteed bonds	70,990	10,734	6,270
Other	10,420	10,401	11,157
	$ 168,633	$ 69,904	$ 64,052
Market value – December 31		$ 71,507	$ 67,682

Investments maturing within one year total $3,770,000 (1989 – $2,085,000).

The Government of Canada non-interest bearing bonds mature in 2006 and 2008. The coupons mature in the years 1994 to 2008. The amounts to be amortized, representing the difference between par value and amortized cost of these items, will be credited to income as follows:

	(thousands of dollars)
1991	$ 1,195
1992	1,348
1993	1,517
1994	1,660
1995	1,769
1996-2008	29,755
	$ 37,244

Provincial guaranteed bonds and other investments are mainly comprised of bonds, debentures and guaranteed investment certificates (GIC) of banks, trust, utility and mortgage companies. In almost all cases, maturity dates are in year 2000 and beyond. The Board does not usually hold them until maturity.

6. Capital assets

	1990	1989
	(thousands of dollars)	
Land	$ 399	$ 529
Architectural design of building (Note 12)	131	8
	$ 530	$ 537

7. Future claim costs

	1990	1989
	(thousands of dollars)	
Amounts provided		
By class	$ 1,388	$ 1,497
Allocation of interest	836	1,071
	2,224	2,568
Amounts applied		
Claim payments	725	716
Transfer to annuity liability	10	8
Transfer to pension liability	-	50
	735	774
Increase for the year	1,489	1,794
Balance at beginning of the year	12,106	10,312
Balance at end of the year	$ 13,595	$ 12,106

8. Pension liability

	1990	1989
	(thousands of dollars)	
Amounts provided		
Allocation of interest	$ 2,175	$ 1,878
Transfers from		
Contingency reserve	879	792
Operations	410	94
Future claim costs	-	50
	3,464	2,814
Amounts applied		
Pension payments	928	799
Increase for the year	2,536	2,015
Balance at beginning of the year	18,993	16,978
Balance at end of the year	$ 21,529	$ 18,993

In addition to the amount transferred to the pension liability from operations, pension awards for current year's claim costs include lump sum payments of $4,800 (1989 – $19,000).

9. Annuity liability

	1990	1989
	(thousands of dollars)	
Amounts provided		
Transfers from		
Contingency reserve	$ 19	$ 12
Operations	13	-
Future claim costs	10	8
Allocation of interest	9	10
	51	30
Balance at beginning of the year	109	79
Balance at end of the year	$ 160	$ 109

10. Contingency reserve

	1990					1989
	Disaster	Rehab	Enhanced Disability	Industrial Diseases	Total	Total
	(thousands of dollars)					
Amount provided						
Interest	$ 463	$ 448	$ 328	$ 355	$ 1,594	$ 2,309
By class	205	-	-	-	205	171
	668	448	328	355	1,799	2,480
Amounts applied						
Transfer to						
Pension	495	-	-	384	879	792
Annuity	19	-	-	-	19	12
Claim Payments	180	211	18	93	502	415
Administration	-	70	70	70	210	159
	694	281	88	547	1,610	1,378
Increase (decrease) for the year	(26)	167	240	(192)	189	1,102
Balance at beginning of the year	6,858	6,397	4,615	5,227	23,097	21,995
Balance at end of the year	$ 6,832	$ 6,564	$ 4,855	$ 5,035	$ 23,286	$ 23,097

Section 68 of the Act was amended during the year to provide for a single contingency reserve in place of the special reserves previously maintained. This change was recommended by the actuarial consultant last year to provide the Board with greater flexibility in meeting any unexpected demands.

11. Administrative expense

	1990	1989
	(thousands of dollars)	
Salaries and benefits	$ 897	$ 770
Rentals and supplies	183	148
Computer software	153	208
Furniture and office equipment	81	73
Professional services	66	31
Medical fees	55	19
Other	123	87
	1,558	1,336
Occupational Health & Safety	282	211
Charges to reserves (Note 10)	(210)	(158)
	72	52
Income from penalties	(93)	(57)
	$ 1,537	$ 1,332

12. Commitments

Total contractual commitments that will carry over into 1991 amounted to $179,000. In addition, a $2.2 million construction contract for the proposed Yukon Workers' Compensation Board Building was awarded to PCL Constructors Western Inc. on February 27, 1991.

13. Related party transactions

As an agency of the Government of the Yukon, the Fund is related to all Government of the Yukon departments, agencies and Crown corporations.

The Fund pays for computer and payroll services it receives from the Government. In addition, it also reimburses the Government about 50% of any computer software programs designed for use by the Fund only. The ownership of all computer software is with the Government.

In addition to the supplementary compensation benefits disclosed in the financial statements, the Board administers the compensation claims of employees of the Government of the Yukon for which it receives reimbursement of the claim costs and related administration expenses. These totalled $575,200 for 1990 (1989 – $154,700).